



## Tennessee Department of Revenue

### **Sales Tax Holiday: Computers \$1,500 or Less**

Tenn. Code Ann. Section 67-6-393 establishes an annual sales tax holiday beginning in August 2006. The holiday starts each year at 12:01 a.m. on the first Friday in August and ends at 11:59 p.m. on the following Sunday. For 2006, this period is from 12:01 a.m., Aug. 4 through 11:59 p.m., Aug. 6.

During the holiday, **computers with a purchase price of \$1,500 or less, not for use in a trade or business**, are exempt from tax.

For purposes of this exemption, a computer is defined as a central processing unit (CPU), along with various other components including monitor, keyboard, mouse, cables to connect components, and preloaded software. While the CPU may be purchased separately, other items must be part of a bundled computer package in order to be eligible. Software beyond what is preloaded with the computer package, is not exempt from tax.

The law provides for the tax-free purchase of the computer. However, the law specifically states the following items are **not exempt** from tax:

- Computer parts, such as monitors, keyboards, speakers, and scanners when not sold in conjunction with a CPU.
- Individually purchased software or other software not part of a preloaded software package on the initial purchase of a computer.
- Storage media, such as diskette and compact disks
- Handheld electronic schedulers
- Personal digital assistants (PDAs), and
- Computer printers and supplies for printers, such as paper and ink.

When customers order a computer during this period for later receipt, tax exemption is still allowed as long as the customer does not request delayed shipment. Order backlogs or backorders outside of the buyer's control still allow the purchase of a qualified computer tax-free.

For layaway sales, qualified computer purchases are exempt when final payments are made by customers on items previously placed on layaway. When customers put computers on layaway during the holiday period, they will also be tax-exempt when final payment and delivery is made after the exemption period.

More information from the Department of Revenue is available from the following sources:

- Web site: [www.Tennessee.gov/revenue](http://www.Tennessee.gov/revenue)
- E-mail: [salestax.holiday@state.tn.us](mailto:salestax.holiday@state.tn.us)
- Telephone: **(800) 342-1003** 8 a.m. - 5 p.m., CST, Monday through Friday  
***Special telephone hours for Sales Tax Holiday:***  
Saturday, Aug. 5: 7 a.m. - 7 p.m., CST  
Sunday, Aug. 6: 10 a.m. to 6 p.m., CST